



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0779	Title:	Regulate mercury-added thermostats
Primary Sponsor:	Hands, Betsy	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$11,268	\$8,320	\$2,080	\$2,080
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$11,268)</u>	<u>(\$8,320)</u>	<u>(\$2,080)</u>	<u>(\$2,080)</u>

Description of Fiscal Impact:

This bill requires the Department of Environmental Quality (DEQ) to oversee a recycling program for mercury thermostats that is provided by manufacturers. Initial program set up will be contracted out for an annual cost of \$6,000 in both FY 2008 and FY 2009. Membership in the Product Stewardship Institute will cost \$2,000 annually. Notice advertising costs will be \$2,940 in FY 2008. Once established, most work will be absorbed by DEQ and operating costs will decrease to \$2,000 annually.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality (DEQ)

1. It is assumed that DEQ will join the Product Stewardship Institute at a cost of \$2,000 per year to assist with stakeholder involvement and that this membership will continue through FY 2011 and beyond.
2. DEQ must approve collection and recycling programs for manufacturers of thermostats. Prior to submission of initial proposals by the manufacturers, DEQ must work with interested stakeholders including manufacturers, wholesalers, contractors, retailers, service technicians, and environmental groups. It is assumed that DEQ will contract out this initial work to identify the stakeholders, prepare information and gather information in meetings and other methods. The cost of the contract for this work and any further assistance in developing the programs for contractors and households is estimated at \$6,000 annually (400

hours @ \$15/hour) for FY 2008 and FY 2009. DEQ will absorb the costs of directing and managing the contract and attending the meetings.

3. DEQ must review and approve all recycling programs from all thermostat manufacturers in a limited amount of time, may put conditions on the approval, and must provide reasons for any disapproval. It is assumed that this workload will be minimal and can be absorbed by DEQ with some assistance from the contractor.
4. The sale of thermostats requiring mercury is prohibited by all manufacturers; the sale of any thermostat is prohibited by a manufacturer that does not have a recycling program in place for mercury containing thermostats. Notification of the new rule will be done through advertising estimated at \$1,500 in FY 2008.
5. Annual reports are required from each manufacturer. DEQ must publish a report on its internet website within 90 days of reports coming in from manufacturers. This workload is anticipated to be minimal and can be absorbed by DEQ.
6. The Board of Environmental Quality must adopt rules to implement the new provisions of law. This will require a public hearing, notice of rulemaking, and posting of the new rules. The cost of noticing the rules is estimated at \$1,200 in FY 2008 (\$50 per page x 12 pages x 2 notices).
7. Public notice is required of for each plan submitted by a manufacturer. It is assumed that there will be a total of three plans submitted. Public notices will be provided through the internet and through legal ads. The ads are estimated at \$80 x 3 ads for a total of \$240 in FY 2008.
8. Operational costs are estimated at \$328 in FY 2008, \$320 in FY 2009, and \$80 in FY 2010 and FY 2011.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$11,268	\$8,320	\$2,160	\$2,160
<u>Funding of Expenditures:</u>				
General Fund (01)	\$11,268	\$8,320	\$2,160	\$2,160
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$11,268)	(\$8,320)	(\$2,160)	(\$2,160)

Technical Notes:

1. Section 8 bans installation and sale of mercury-added thermostats. However, HB 707 contains no enforcement mechanism. Because the codification instruction does not codify the bill in any particular part of Title 75, chapter 10, no existing enforcement provisions of Title 75, Chapter 10, would apply to the bill.

Sponsor's Initials

Date

Budget Director's Initials

Date